

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
(Baltimore Division)**

In re:

*

i-LIGHTING, LLC,

*

**Case No. 17-16807-DER
(Chapter 11)**

Debtor

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**MOTION FOR APPROVAL OF SETTLEMENT, SALE OF
ESTATE PROPERTY, AND DISTRIBUTION OF PROCEEDS
TO RESOLVE PENDING STATE COURT LITIGATION**

i-Lighting, LLC, Debtor and Debtor-in-Possession (the “Debtor”), by counsel, hereby files this Motion the “Motion”) pursuant to Sections 105 and 363 of Title 11 of the United States Code, §§ 101 et seq. (the “Bankruptcy Code”) and Rules 2002, 6004 and 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), seeking entry of an Order, in substantially the form submitted herewith, authorizing and approving the Debtor’s settlement of claims with AHPharma Inc. (“AHPharma”), to include the sale of estate property and the distribution of proceeds thereof. In support of the Motion, the Debtor respectfully states as follows:

Jurisdiction and Venue

1. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334.
2. This matter is a core proceeding, pursuant to 28 U.S.C. §157.
3. Venue lies properly in this Court, pursuant to 28 U.S.C. §§ 1408 and 1409.

The Debtor’s Business and the Chapter 11 Proceeding

4. On May 16, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, and, pursuant to §§ 1107 and 1108 of the

Bankruptcy Code, has continued in the possession of its property and management of its business as a Debtor-in-Possession.

5. The Debtor is a Maryland limited liability company with a principal corporate office located at 100 Watson Way, North East, Maryland 21901.

6. The Debtor was founded in 2011 and manufactures and distributes LED lighting solutions for use under kitchen cabinets, and on outdoor decks, stairs, hardscapes, patios and landscapes. The Debtor's patented Easy Plug Installation System™, which lowers the expense and eases the installation of LED lighting systems, has made LED lighting accessible to more contractors and consumers. The Debtor was recently honored with a "Bright Lights Award for Innovation and Entrepreneurship" by the Maryland Comptroller.

7. The Debtor has thirteen (13) employees, and has recently been able to offer employment opportunities to disabled adults through the Bayside Community Network.

8. In 2016, the Debtor generated revenues of approximately \$990,000, and has been on pace for an increase in revenues for 2017.

9. This case involves several million dollars of debts and the Debtor continues its efforts to decrease operating expenses while increasing revenue.

10. Thus far in the Chapter 11 case, in addition to the litigation with AHPPharma, as detailed below, the Debtor has operated for four months, with authorized use of the cash collateral of its secured lender; has relieved itself of burdensome assets; has obtained approval of customer transactions in order to maintain business relationships and increase revenue; has moved for the rejection of burdensome leases; and has negotiated and implemented cost-reduction efforts, include a discounted lease of reduced space for its business premises and reduced labor costs; all for the benefit of all creditors and parties in interest.

11. No creditors committee has been appointed in this case.

The AHPharma Litigation

12. In 2015, the Debtor became involved in litigation with AHPharma, after the parties' joint venture to produce a LED lighting system to solve feeding issues for chicken farmers came to a halt. Having invested nearly \$1,000,000 in outfitting the manufacturing side of the venture, and with nearly \$1,300,000 in purchase orders prepared, the failure of the joint venture with AHPharma had a substantial impact on the Debtor's financial wherewithal.

13. Trial in the AHPharma litigation was scheduled to begin September 11, 2017.

14. In the days prior to trial, the Debtor and AHPharma agreed to a resolution of the litigation, which includes a payment of \$145,000 to the Debtor in return for the transfer to AHPharma of assets held by the Debtor for the chicken feeder lighting venture, and otherwise resolving all claims between the parties (the "AHPharma Settlement").

15. While the Debtor had hoped the litigation would produce a much more significant recovery, the Debtor agreed to the AHPharma Settlement giving due consideration to the additional legal costs that would be incurred in litigating the claims through trial and likely appeal, the concerns of collectability of the eventual judgment, and the continued time commitment and distraction that would be involved with the litigation while undertaking the Chapter 11 reorganization efforts.

16. The assets to be transferred by the Debtor pursuant to the AHPharma Settlement (the "Assets") are identified among the items on the "Inventory" attached hereto as **Exhibit 1**. While the total value identified on the Inventory exceeds \$500,000, that includes two patents valued at \$150,000, and the overwhelming majority of the Inventory has speculative value given limited use other than for a company such as AHPharma undertake the chicken feeder light

production. As reflected on the Debtor's Schedule A/B, line 21 (Doc. 1), the Debtor anticipated a sale price of \$200,000 for the chicken feeder system inventory, but in consideration of there being no known market the Debtor scheduled the value as unknown.

17. The Assets are not otherwise used by the Debtor and, rather, have been kept in storage since the AHPharma ventured failed. Thus, the transfer of the Assets will have no effect on the Debtor's operations, revenues or expenses.

The Lienholders

18. In order to effect the transfer of the Assets pursuant to the AHPharma Settlement, the Debtor has negotiated the consent of the all potential lienholders with an interest in the Assets.

19. The agreements regarding the distribution of the AHPharma Settlement proceeds are as follows:

- (a) \$50,000 to the Anne Arundel Economic Development Corporation ("AAEDC"). AAEDC has agreed to accept \$50,000 in release of its lien interests in the assets being transferred pursuant to the AHPharma Settlement. AAEDC holds a blanket lien on all of the Debtor's assets pursuant to that certain Loan and Security Agreement dated September 10, 2013 in the original principal amount of \$150,000, as perfected by way of that certain UCC-1 filed on September 18, 2013. The current outstanding loan balance claimed by AAEDC is \$141,289.51. Other than to the purchase money lienholders identified below, all other funds are arguably being distributed subject to the approval of AAEDC as the priority lienholder.
- (b) \$16,000 to Small Business Term Loans, Inc. *dba* BFS Capital ("BFS"). With AAEDC's approval, BFS has agreed to accept \$16,000 in full and final satisfaction of all liens and claims arising out of that certain Secured Promissory Note dated November 16, 2016 in the original principal amount of \$92,000.00, pursuant to which BFS asserts a second-position blanket lien on all of the Debtor's assets by way of that certain UCC-1 filed on November 17, 2016. As reflected on its Proof of Claim (Claim 9), BFS claimed it was due \$78,759.94 as of the Petition date. But for AAEDC's approval of this distribution, the Debtor would assert that BFS is not entitled to share in the distributions due to its junior lien position. The Debtor believes the consideration of resolving BFS' claims in full is sufficient to justify the distribution.

- (c) \$14,000 to EBF Partners, LLC *dba* Everest Business Funding (“EBF”). With AAEDC’s approval, EBF has agreed to accept \$14,000 in full and final satisfaction of all liens and claims arising out of that certain Payment Rights Purchase and Sale Agreement dated February 1, 2017 in the original principal amount of \$60,000.00, pursuant to which EBF asserts a third-position blanket lien on all of the Debtor’s assets by way of that certain UCC-1 filed on April 11, 2017. As reflected on its Proof of Claim (Claim 11), EBF claimed it was due \$62,775.52 as of the Petition date. But for AAEDC’s approval of this distribution, the Debtor would assert that EBF is not entitled to share in the distributions due to its junior lien position. The Debtor believes the consideration of resolving EBF’s claims in full is sufficient to justify the distribution.
- (d) \$30,000 to LCA Bank (“LCA”). LCA has agreed to accept \$30,000 in full and final satisfaction of all liens and claims arising out of that certain Equipment Finance and Security Agreement dated December 22, 2014 in the original principal amount of \$88,127.76, pursuant to which LCA holds a purchase money lien on the sonic welding system that is included in the assets to be transferred by the Debtor as part of the AHPharma Settlement, perfected by way of that certain UCC-1 filed on January 5, 2015. As reflected on its Proof of Claim (Claim 15), LCA claimed it was due \$105,640.36 as of the Petition date. While LCA’s collateral has likely depreciated to much less than the \$30,000 figure, the Debtor believes the additional consideration of resolving LCA’s claims in total is sufficient to justify the distribution.
- (e) \$22,500 to Ascentium Capital, LLC (“Ascentium”). Ascentium has agreed to accept \$22,500 in release of its lien interests arising out of that certain Equipment Finance Agreement dated December 1, 2014 in the original principal amount of \$66,338.00 with Fidelity Capital Partners, LLC, whose interest therein was subsequently assigned to Ascentium, and by which Ascentium holds a purchase money lien on the chicken feeder light mold system which is included in the assets being transferred pursuant to the AHPharma Settlement, as perfected by way of that certain UCC-1 filed on December 8, 2014.
- (f) \$7,500 to Preller, Preller & Paliath (“Preller Law”), subject to the entry of an Order approving allowance of compensation in accordance with Sections 330 and 331, the application for which will be filed contemporaneously herewith. Preller Law has represented the Debtor in regard to AHPharma litigation since 2016 and was employed, as authorized by Order of the Bankruptcy Court (Doc. 44), to continue representing the Debtor in the litigation. As of the bankruptcy filing, Preller Law was owed approximately \$65,000 for services rendered to the Debtor. Since the Petition Date, Preller Law has incurred more than \$20,000 in legal time in representation of the Debtor in regard to the AHPharma litigation, including the prosecution and defense of summary judgment motions, preparation for a specially-set multiday trial, and lengthy settlement negotiations. While AAEDC has approved this distribution, Preller Law may have otherwise asserted an attorney’s lien claim on the Debtor’s proceeds of the AHPharma Settlement.

(g) \$5,000 to Tydings & Rosenberg LLP (“Tydings Law”). The Bankruptcy Court has approved the payment to Tydings Law of fees earned in the amount of \$20,745.00 and reimbursement of \$2,601.64 in expenses incurred through July 31, 2017 (Doc. 76), of which more than \$10,000 remains unpaid by the Debtor, as the Debtor has not paid the second portion of the retainer that was agreed to be paid as part of the retention of Tydings Law. Furthermore, since the first application for payment, Tydings Law has incurred more than \$7,500 in additional fees and expenses. While AAEDC has approved this distribution, Tydings Law may have otherwise asserted a surcharge of its fees against the proceeds of the AHPharma Settlement as having rendered services necessary in preserving the Debtor as a going concern and, thereby, allowing the litigation to proceed to settlement.

20. The distribution amounts set forth above are the result of arms-length negotiations between the Debtor and the various lien and interest holders.

Approval of Settlement of Claims

21. In approving a proposed settlement, the Bankruptcy Court must determine whether the settlement is in the best interests of the estate. While it is the obligation of a Bankruptcy Court to review independently a proposed compromise to determine whether it is fair, equitable, and in the best interests of the bankruptcy estate, settlements are to be encouraged. *See United States ex. Rel. Rahman v. Oncology Associates, P.C.*, 269 B.R. 139, 149 (Bankr. D. Md. 2001), *aff’d* by 61 Fed.Appx. 860 (4th Cir. 2003).

22. In determining the reasonableness of the proposed settlement, a Bankruptcy Court should consider the following factors: (a) the probability of success in the litigation; (b) the likely difficulties in collection; (c) the complexity of the litigation; (d) the expense, inconvenience, and delay necessarily attending to the litigation; and the paramount interests of the creditors of the estate. *Rahman*, 269 B.R. at 149 citing *Protective Comm. For Indep. Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968).

23. The proposed settlements detailed in this Motion, including those between the Debtor and AHPharma, and as to the respective distributions of proceeds, fulfill the legal requirements for approval under Rule 9019 of the Bankruptcy Rules.

24. The Debtor has concluded, after performing due diligence with counsel regarding its claims, assets and liabilities, that the compromise with AHPharma and the respective lien and interest holders as set forth above is reasonable and provides the best scenario for resolving the AHPharma litigation and the interested parties.

25. While the proceeds amount was less than hoped, the Debtor believes the AHPharma Settlement was in the best interest of the Debtor's estate, and the distribution of the proceeds to various lien and interest holders, with several accepting discounted amounts in full satisfaction of their claims, is beneficial to the Debtor's estate.

Approval of Sale of Assets

26. Section 363 of the Bankruptcy Code requires court approval for the use, sale or lease of estate assets outside the ordinary course of business. In pertinent part, section 363(b)(1) provides that a debtor in possession "after notice and a hearing, may use, sell, or lease other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). A court should approve the sale of assets outside the ordinary course of business if the sale is supported by the exercise of reasonable business judgment. *See In re Effora, Inc.* 2012 WL 2016810 (Bankr. N.D.Ill. 2012) (sale is permissible and will be authorized as long as the trustee has an "articulated business justification") citing *In re State Park Bldg. Grp., Ltd.*, 331 B.R. 251, 254 (N.D.Tex. 2005); *In re Murphy*, 288 B.R. 1, 5 (D.Me. 2002); *In re Gulf States Steel of Ala.*, 285 B.R. 497, 516 (Bankr. N.D. Ala. 2002). The Debtor bears the burden of demonstrating a sound business justification. *In re Lionel Corp.*, 772 F.2d 1063, 1071 (2nd Cir. 1983). Approval of a sale

rests with the bankruptcy court's discretion. *Efoora, Inc.* at p. 6 citing *Corporate Assets, Inc. v. Paloian*, 368 F.3d 761, 767 (7th Cir. 2004) and *In re Irvin*, 950 F.2d 1318, 1320 (7th Cir. 1991).

27. The sale of the Assets is in the best interest of the Debtor's estate and creditors as it will generate significant proceeds to be used to satisfy significantly more debt, for the benefit of the estate and the Debtor as a going concern.

28. Pursuant to section 363(f) of the Bankruptcy Code, a trustee may sell property free and clear of any interest in such property of an entity other than the estate if (i) permitted under applicable non-bankruptcy law, (ii) the party asserting such interest consents, (iii) the interest is a lien and the purchase price for the property is greater than the aggregate amount of all liens on the property, (iv) the interest is the subject of a bona fide dispute, or (v) the party asserting the interest could be compelled, in a legal or equitable proceeding, to accept a money satisfaction for such interest.

29. Section 363(f) is stated in the disjunctive when a sale is being made pursuant to section 363(b). In these circumstances, it is necessary for the Debtor to satisfy only one of the five conditions of section 363(f). As set forth above, the sale of the Assets is with the consent of all lien and interest holders.

30. To further expedite the AHPharma Settlement and distributions, the Debtor requests that the 14-day stay set forth in Bankruptcy Rule 6004 be waived.

31. Simultaneously herewith, the Debtor is filing a Notice of the proposed settlement of claims and sale of the Assets in accordance with Local Bankruptcy Rule 6004-1.

32. Pursuant of the Local Bankruptcy Rule 9013-2, the Debtor is not filing a separate memorandum in support and relies solely upon this Motion.

Conclusion

WHEREFORE, the Debtor respectfully requests that the Court enter an Order, in substantially the form submitted herewith, authorizing and approving the Debtor's settlement of claims with AHPharma, including the sale of estate property and the distribution of proceeds thereof, and granting the Debtor such other and further relief as is just and proper.

Dated: October 5, 2017

/s/ Joseph M. Selba
Joseph M. Selba, Bar No. 29181
Tydings & Rosenberg LLP
One East Pratt Street, Suite 901
Baltimore, Maryland 21202
410-752-9753
jselba@tydingslaw.com
Attorneys for Debtor

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 5th day of October, 2017, a copy of the foregoing *Motion* and a copy of the proposed order were served upon the following parties as indicated.

Hugh Bernstein, Esq.
Office of the United States Trustee
101 W. Lombard Street
Suite 2625
Baltimore, MD 21201
[VIA ECF]

BFS Capital
Business Financial Services, Inc.
ATTN: Greg Homsey
3301 N. University Drive, Suite 300
Coral Springs, FL 33065
Proof of Claim Notice Address

Ascentium Capital LLC
c/o Jeffrey Greenberg, Esq.
Baker, Donelson, Bearman, Caldwell &
Berkowitz, PC
100 Light Street 21st Floor
Baltimore, MD 21202
[VIA ECF]

LCA Bank
Bankruptcy Department
PO Box 1650
Troy, MI 48063
Proof of Claim Notice Address

Preller, Preller & Paliath
307 W. Pennsylvania Ave
Towson, MD 21204

EBF Partners, LLC
2001 NW 107th Avenue
Suite 300
Miami, FL 33172
Proof of Claim Notice Address

Stephen Primosch
Vice President, Financial Services
Anne Arundel Economic Development
Corporation
2660 Riva Road, Suite 200
Annapolis, MD 21401

James Otway, Esq.
Otway Russo, P.C.
108 West Main Street
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Salisbury, MD 21803-4096
410-749-3900
Attorneys for AHPHarma, Inc.

EBF Partners, LLC
t/a Everest Business Funding
c/o ABF Servicing
Stephen Berkovitch, Esq.
40 Exchange Place, Suite 1306
New York, NY 10005

LCA Bank
c/o LCA Financial
3150 Livernois Road, Suite 300
Troy, MI 48063
Attn: David James Dieck

i-Lighting LLC
500 Principio Parkway West, Suite 300
North East, MD 21901-2912

William J. Jackson, Esq.
Moore & Jackson, LLC
305 Washington Ave., Suite 401
Towson, MD 21204
Debtor's Insurance Defense Counsel

/s/ Joseph M. Selba
Joseph M. Selba

n-House Inventory

Item Number	Description	Total Available	
3" wire w/spade connector	3" wire w/spade connector	4530	\$208.38
4HP-411	Avilighting Poultry Feeder Light	11519	\$120,949.50
wire plates for avilighting	Avilighting wire connector	3283	\$883.13
CC Interface Brd w/parts	CC Interface Brd w/parts	512	\$4,200.96
Chicken Feeder Lower	Chicken Light Lower V101	4861	\$1,390.25
4HP-412	Control Pan Feeder Light with I-luma	50	\$956.51
Coop Control Analog brd w/parts	Coop Control Analog V104 brd w/parts	256	\$7,774.87
Coop Controller board w/parts	Coop Controller board w/parts V105B	504	\$9,110.15
feeder light fixture	half a plastic fixture for feeder lights	3594	\$1,006.32
4VP-12-24	Meanwell power supply 12-24	108	\$524.88
Coop Controller Microchip	Microchip for Coop Controller	640	\$1,401.60
4220029	Motor Driver 27A	500	\$2,995.00
100W 24V CV power supply	Power supply 100W 24V CV	53	\$1,424.11
25W 24V Wall Mount power supply	Wall Mount 24V 24 Watt power supply	14	\$101.50
coop rivets	Pop rivets for avilighting fixture	88396	\$1,122.63
Push Button Switch	Push Button Switches SPST OFF-(ON) Red	25	\$44.00
Real Time Clock	Real Time Clock for Coop Controller	1500	\$810.00
Serial ID sticker	Serial ID sticker for feeder lights	100000	\$3,700.00
Steel Clamps	Steel Clamps for feeder lights	5182	\$1,393.96
Coop Controller Board V105B	Substrait for coop controller board v105B	504	\$1,302.64
feeder light board lower	Substrait lower board for avilighting feeder light	25524	\$1,786.68
feeder light board upper	Substrait upper board for avilighting feeder light	23029	\$11,053.92
Switch Rocker SPDT On-Mom	Switch SPDT On-Mom 360-2258-ND	96	\$443.81
Switch Rocker SPDT	Switch SPDT On-On 360-2250-ND	1000	\$3,330.00
Non-insulated ring	Terminal Rings #6 18/22 gauge not insulated	1046	\$89.96
Toggle Switch	Toggle Switch ON-OFF-ON DPDT	25	\$110.00
Blue t-taps	T-tap connectors for feeder lights	12283	\$282.51
Blue 3014 LED's	Ultra Thin Blue LED's for avilighting	334095	\$10,022.85
White 3014 LED's	Ultra Thin Clear Led's for avilighting	394693	\$15,787.72
IL 201 Chicken Cage Ring Jumper	IL 201 Chicken Cage Ring Jumper Connector	1296	\$2,630.88
Screens	run PCB boards		\$1,750.00
Plastic	plastic for feeder		\$2,400.00
Chicken Feeder Master Boxes		2100	\$6,615.00
Sub Total			\$217,603.71

Inventory that Vendors are holding

Vanguard Inventory	Wire		\$20,683.00
Willlett Inventory	Mounting feet and Wire connectors		\$14,598.00
Rivet King Inventory	Rivets		\$11,220.00
p-tec	LED's		\$11,030.00
Sub Total			\$57,531.00

Tooling

Willlett Wire Plates			\$24,023.00
Willlett Mounting feet			\$15,495.00
Feeder mold			\$34,303.00
feeder mold modification			\$2,800.00
sonic welder tooling			\$4,838.00
overmold tool			\$2,832.00
Sub Total			\$84,291.00

Machines

Ultra Sonic Welder			\$23,732.76
Rivet Guns			\$10,800.00
Sub Total			\$34,532.76

Patent	Feeder Light		\$75,000.00
Patent	Nipple Light (water line)		\$75,000.00
Sub Total			\$150,000.00

Unpaid loans for equipment

Wells Fargo			
LCA			
Ascentium			
Sub Total			\$0.00

Grand Total

\$543,958.47

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MARYLAND
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In re:

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i-LIGHTING, LLC,

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**Case No. 17-16807-DER
(Chapter 11)**

Debtor

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**NOTICE OF MOTION FOR APPROVAL OF SETTLEMENT, SALE OF
ESTATE PROPERTY, AND DISTRIBUTION OF PROCEEDS
TO RESOLVE PENDING STATE COURT LITIGATION**

TO: the Debtor, all creditors and parties in interest:

On May 16, 2017 (the “Petition Date”), i-Lighting, LLC, Debtor and Debtor-in-Possession (the “Debtor”) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, and, has continued in the possession of its property and management of its business as a Debtor-in-Possession. The Debtor provides notice of its *Motion for Approval of Settlement, Sale of Estate of Property, and Distribution of Proceeds to Resolve Pending State Court Litigation*, as follows

The AHPharma Litigation

In 2015, the Debtor became involved in litigation with AHPharma, after the parties’ joint venture to produce a LED lighting system to solve feeding issues for chicken farmers came to halt. In the days prior to trial scheduled to begin September 11, 2017 the Debtor and AHPharma agreed to a resolution of the litigation, which includes a payment of \$145,000 to the Debtor in return for the transfer to AHPharma of assets still held by the Debtor for the chicken feeder lighting venture, and otherwise resolving all claims between the parties (The “AHPharma Settlement”).

The assets to be transferred by the Debtor pursuant to the AHPharma Settlement (the “Assets”) are included among the “Inventory” attached hereto as **Exhibit 1**, having an anticipated sale price of \$200,000 as of the Petition Date, but in consideration of there being no known market the Debtor scheduled the value as unknown. The Assets are not otherwise used by the Debtor in its business and, rather, since the AHPharma ventured failed the Assets have been kept in storage. Thus, the transfer of the Assets will have no effect on the Debtor’s operations, revenues or expenses.

The Lienholders

In order to effect the transfer of the Assets pursuant to the AHPharma Settlement, the

Debtor has negotiated the consent of the all potential lien and interest holders. The agreements regarding the distributions of the AHPharma Settlement proceeds are as follows:

(a) \$50,000 to the Anne Arundel Economic Development Corporation (“AAEDC”) in release of its lien interests in the assets being transferred pursuant to the AHPharma Settlement. AAEDC holds a blanket lien on all of the Debtor’s assets with a current outstanding loan balance claimed of \$141,289.51. Other than to the purchase money lienholders identified below, all other funds being distributed were arguably subject to the approval of AAEDC as the priority lienholder.

(b) \$16,000 to Small Business Term Loans, Inc. dba BFS Capital (“BFS”) in full and final satisfaction of all liens and claims. BFS asserts a second-position blanket lien on all of the Debtor’s assets and claimed it was due \$78,759.94 as of the Petition date.

(c) \$14,000 to EBF Partners, LLC dba Everest Business Funding (“EBF”) in full and final satisfaction of all liens and claims. EBF asserts a third-position blanket lien on all of the Debtor’s assets and claimed it was due \$62,775.52 as of the Petition date.

(d) \$30,000 to LCA Bank (“LCA”) in full and final satisfaction of all liens and claims. LCA holds a purchase money lien on the sonic welding system that is included in the Assets to be transferred by the Debtor as part of the AHPharma Settlement, and claimed it was due \$105,640.36 as of the Petition date.

(e) \$22,500 to Ascentium Capital, LLC (“Ascentium”) in release of its lien interests in the chicken feeder light mold system which is included in the Assets to be transferred by the Debtor as part of the AHPharma Settlement.

(f) \$7,500 to Preller, Preller & Paliath (“Preller Law”), subject to the entry of an Order approving allowance of compensation in accordance with Sections 330 and 331. Preller Law has represented the Debtor in regard to AHPharma litigation since 2016 and was authorized by the Bankruptcy Court to continue representing the Debtor in the litigation. As of the bankruptcy filing, Preller Law was owed approximately \$65,000 for services rendered to the Debtor. Since the Petition Date, Preller Law has incurred more than \$20,000 in legal time in representation of the Debtor in regard to the AHPharma litigation.

(g) \$5,000 to Tydings & Rosenberg LLP (“Tydings Law”). The Bankruptcy Court has approved compensation to Tydings Law in the amount of \$20,745.00 and reimbursement of \$2,601.64 in expenses incurred by the Debtor through July 31, 2017, of which more than \$10,000 remains unpaid by the Debtor, as the Debtor has not paid the second portion of the retainer that was agreed to be paid as part of its retention of Tydings Law. Furthermore, since the first application for payment, Tydings Law has incurred more than \$7,500 in additional fees and expenses to date.

Approval of Settlement of Claims and Sale of Assets

The Debtor has concluded, after performing due diligence with counsel regarding its claims, assets and liabilities, that the compromise with AHPharma and the respective lienholders as set forth above is reasonable and provides the best scenario for resolving the AHPharma

litigation and the interests of the lienholders, and creditors in general. While the amount of proceeds was less than hoped, the Debtor believes the AHPharma Settlement was in the best interest of the Debtor's estate, and the distribution of the proceeds to various parties, with several accepting discounted amounts in full satisfaction of all claims, is beneficial to the Debtor's estate.

Likewise, the sale of the Assets is believed to be in the best interest of the Debtor and its creditors as such will generate significant proceeds to be used to satisfy significantly more debt. As set forth above, the sale of the Assets is with the consent of all lienholders.

To further expedite the AHPharma Settlement and distributions, the Debtor requests that the 14-day stay set forth in Bankruptcy Rule 6004 be waived.

Notice is hereby given that, pursuant to Bankruptcy Rules 6004 and 9019, any creditors or other parties in interest having objections to the proposed Settlement may file same with the Clerk of the United States Bankruptcy Court for the District of Maryland, Baltimore Division, 101 West Lombard Street, Room 8530, Baltimore, Maryland 21201 and serve a copy on the undersigned counsel and with the U.S. Trustee's Office.

The deadline for filing of objections is **October 26, 2017**. IF NO OBJECTIONS ARE FILED, THE MOTION MAY BE ACTED ON WITHOUT A HEARING.

In the event that an objection is filed, a hearing will be held on November 6, 2017 at 3:00 PM in Courtroom 9-D of the United States Bankruptcy Court for the District of Maryland, Baltimore Division, 101 West Lombard Street, Baltimore, Maryland 21201.

October 5, 2017

Respectfully submitted,

/s/ Joseph M. Selba
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